



Department of Planning & Community & Economic Development

## **Economic Development Division**

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- Office of Business Resources
- Office of Economic Revitalization
- Office of Real Estate Services

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TO: Ad Hoc TIF Policy Committee  
FR: Aaron Olver, Director  
RE: Financial programs available to businesses  
DT: September 18, 2013

At the last meeting of the Ad Hoc TIF Policy Committee, Alder Bidar asked for a short memo detailing programs other than TIF that provide financial assistance to businesses. This memo summarizes available resources.

### **City Programs**

The following City programs provide direct financial assistance to businesses:

#### **Façade Grants**

Grants of \$10,000 to \$25,000 to improve the façade of buildings in targeted districts

#### **Capital Revolving Loan Fund**

Low interest loans of up to \$250,000 to businesses (preferably secured with a real estate asset). Loan volume expected to drop from \$500,000 per year to \$250,000 in 2014.

#### **Green Madison**

While this program has technically expired, some funding remains and may be able to be repurposed for energy related initiatives aimed at businesses as well as residents.

### **City-Funded Grant/Loan-making Entities**

The City funds some entities which in turn makes loans or investments in businesses. These include:

#### **Wisconsin Women's Business Initiative Corporation (WWBIC)**

WWBIC is an expert in micro-lending and provides loans of \$1,000 to \$100,000.

#### **Madison Development Corporation (MDC)**

MDC makes loans of up to \$200,000 at or near commercial rates based in part on job creation. MDC also administers a venture debt program that provides similar size of loans (at higher rates that reflect risk) aimed at emerging growth companies (such as technology firms).

### **Outside Sources of Financial Assistance**

Other potential sources of assistance to business exist, but they are not specific to Madison and may be agnostic about business location decisions. Broadly these include:

#### **State Economic Development Programs**

The state administers a variety of economic development programs, primarily through the Wisconsin Economic Development Corporation. These provide grants, loans, or tax credits to support job creation, job retention, and certain kinds of investment. The state programs are typically most powerful for helping communities retain an employer or attract an out-of-state employer or, increasingly, for supporting start-ups. The state tends not to get involved in location decisions, however, so these programs do not address situations where surrounding communities may be using TIF as an incentive to sway a location decision.

**New Market Tax Credits**

New Market Tax Credits can provide a powerful incentive for making investments that include a jobs or commercial component, primarily in distressed census tracts. They are unavailable in many parts of the City. These credits are also controlled by third parties (who are allocated credits) and their deployment depends on the ability of those parties to either use or sell the credits for a particular project.

**Madison Gas & Electric**

Madison Gas & Electric is a good partner who sometimes has the capability of playing a role in helping to attract companies. Again, though, this capacity exists throughout the service territory, is not exclusive to the City of Madison, and is usually related to projected energy use.

**Debt**

Numerous sources of debt are available to businesses from both private sources and public-private programs such as those administered by the Small Business Administration. While loans are useful to businesses, the availability of debt is usually not a factor either location or job creation decisions.